



Treasury Trends

Bringing currency to the Arizona Taxpayer

David A. Petersen, State Treasurer

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This month's
character trait ---

Gratefulness:
*Letting others know
by my words and
actions how they
have benefited my
life*

*Both LGIP Pools
continue to
increase their
yields in
October 2004*

Teresa Amundsen
*Voice on the
other end of the
LGIP line*

LGIP Performance

The Board of Investment, in the regular meeting held on November 17, 2004, was informed of the performance of the LGIP and LGIP-Gov pools. Both pools continued to increase their yields over the previous month. Balances of the pools also remained relatively stable for the month.

Yields	LGIP	LGIP Index	Diff	LGIP-GOV	3 mo. T-Bill	Diff
Pool size →	\$2.4 B			\$1.1 B		
January '04	1.41	.85	+.56	.98	.89	+.09
Feb '04	1.44	.85	+.59	1.00	.93	+.07
March '04	1.39	.84	+.55	1.01	.95	+.06
April '04	1.39	.84	+.55	1.02	.95	+.07
May '04	1.39	.84	+.55	1.01	1.03	-.02
June '04	1.45	.88	+.57	1.06	1.26	-.20
July '04	1.59	1.03	+.56	1.25	1.34	-.09
August '04	1.72	1.20	+.52	1.39	1.49	-.10
September '04	1.81	1.34	+.47	1.45	1.67	-.15
October '04	1.90	1.51	+.39	1.57	1.78	-.21
November '03	1.43	.85	+.58	.99	.94	+.05
December '03	1.44	.88	+.56	.98	.90	+.08

New Voice on LGIP Phones

One of the consequences of having good employees is that occasionally they get hired away. That is the reason you hear a new voice on the LGIP phone lines when you call in. Teresa Amundson has been hired to replace Myra Mendez as the Administrative Assistant responsible for LGIP administration. Her primary responsibilities include taking participants' requests and processing deposits, withdrawals, and transfers as well as maintaining the participants' banking information and account files. She comes to us with over 10 years of professional customer service and account maintenance experience. She is an enthusiastic team player, committed to meeting your banking needs. Teresa claims "customer service as her number one priority." While it is sad to see a valued team member like Myra move on, we are excited to bring people with the skills and attitudes shown by Teresa into the LGIP administration area.

NCFE
*Perpetrators
plead guilty to
money laundering
and fraud*

Move
*successfully
tested ASTO
emergency
evacuation plan
and capabilities*

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Nationwide Perspective

NCFE Update

Periodically, we like to update participants on what's happening with NCFE. NCFE, for the past two years, has been in bankruptcy court in Ohio. While this seems like a long time, in legal perspectives, things are moving relatively quickly. The bankruptcy estate has been divided into two separate trusts: the liquidation trust, and the litigation recovery trust. So far, \$11,084,526.67 has been sent from the liquidation trust to the Arizona Treasurer's office. The litigation trust, so far, has returned nothing to the ASTO, however lawsuits are in process.

John Snoble, former chief financial officer of NCFE recently pleaded guilty to one count of money laundering and entered into a consent agreement with the SEC. Sherry Gibson, Executive VP, and Brian Stucke, former compliance officer, pleaded guilty to conspiracy to commit securities fraud in 2003. The ASTO and the Arizona Attorney General's office are working diligently to recover as many of the NPF dollars as possible. If you have additional questions, please free to contact Blaine Vance at 602-604-7800.

Successful Treasury Move

What a difference one weekend makes. On Friday, October 29, the State Treasurer's office was located in the State Executive Tower on the first floor. Monday, November 1, found the State Treasurer's office in the Financial Center at Central and Osborne on the 17th floor. This temporary move came about due to an infrastructure refurbishing project in ASTO offices at the State Capitol. For the next few months, the ASTO will be operating from this new location. More than the refurbishing, however, the move had great significance to the ASTO. The move gave us an opportunity to test our emergency evacuation capabilities. Due to the technology upgrades completed over the last 18 months, including changing to a VOIP phone system on November 1, we found our ability to pick up and change location has improved dramatically. The ASTO now knows, if an evacuation of the Executive Tower is necessary, exactly what needs to be done and how quickly we can get the Treasurer's office up and running at a remote location. Now, there is the capability for each employee to pick up their computer, phone, and vital files and be up and running within hours of arriving at a remote location. We know it is possible, we accomplished it a few weekends ago. LGIP participants can be assured the ASTO is preparing to safeguard the financial operations of the State in case of an emergency.

***LGIP: local & state government working together
to safeguard Arizona taxpayers' money.***

Yield Curve Perspective

Treasury Yield Curve				
Term	24 Nov	1 Week Earlier	1 Month Earlier	1 Year Earlier
3 mo.	2.17	2.13	1.86	0.93
6 mo.	2.40	2.36	2.07	1.01
2 yr.	2.95	2.88	2.51	1.89
3 yr.	3.19	3.13	2.74	2.43
5 yr.	3.58	3.55	3.24	3.23
10 yr.	4.18	4.21	3.97	4.23
30 yr.	4.83	4.90	4.75	5.07